

AR03

Dominion Bridge Company, Limited

Annual Report 1978





**Dominion Bridge Company, Limited and its wholly-owned U.S. subsidiary, AMCA International Corporation, is a major diversified group of heavy industrial engineering, manufacturing and construction companies whose products and services are sold in over 100 countries. Its 48 operating plants include two overseas with the balance in North America. It also operates a substantial number of engineering and sales offices in Canada, the United States, Europe, the United Kingdom, the Caribbean, the Middle East and the Far East. Its products, most of which are steel-based, serve a diversity of markets: energy, construction, transportation, material handling, manufacturing, shelter, marine, automotive, food and beverages. Products range from gigantic cranes to steel fasteners by the handful, from structural steel beams to urethane foam automobile seats, from vehicular tunnel tubes to automatic processing and packaging machinery, from high technology nuclear calandrias to marine mooring terminals for loading and offloading liquid cargoes, from metal-forming machinery to pre-engineered metal building systems. All of the company's products are highly engineered. All are related. All enjoy major market share in widely diverse industries.**

Cover  
Chemical processing facilities for Vulcan Materials Company at Geismar, Louisiana by Litwin Engineers & Constructors, Inc.

Inside front cover  
Large Whirley shipbuilding crane makes possible heavy lifts at General Dynamics' shipyard in Quincy, Massachusetts.  
Company's Clyde unit manufactured this 100-ton crane and installed it on a turnkey basis.

**Financial highlights**

(Stated in Millions of U.S. Dollars)

	<b>1978</b>	1977 (Restated*)
Sales and other revenue	<b>\$886.2</b>	\$582.9
Income before exchange loss	<b>37.3</b>	32.2
Net income after exchange loss	<b>34.4</b>	28.5
Cash (net of short-term borrowings)	<b>39.6</b>	7.2
Total assets	<b>616.5</b>	558.0
Long-term debt	<b>139.0</b>	104.4
Shareholders' equity	<b>208.7</b>	184.7

**Per share data**

(Stated in U.S. Dollars  
unless otherwise specified)

Net income before exchange loss	<b>\$ 3.50</b>	\$ 3.03
Net income after exchange loss	<b>3.22</b>	2.68
Cash flow from operations	<b>4.77</b>	3.79
Dividends (in Canadian dollars)	<b>1.18</b>	0.94
Book value	<b>19.57</b>	17.37

\* Restated to reflect the inclusion of Amtel, Inc. as a wholly-owned subsidiary and the adoption of a policy of reporting financial data in U.S. dollars. (See Note 2 to the Consolidated Financial Statements for additional information on these accounting restatements.)

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**Another year of progress...record sales (up 52%) and net income (up 21%) levels for the eleventh year...as we enter 1979 we have the hard-core engineering, construction and manufacturing units which we were attracted to in making the Amtel acquisition...restructuring our Board...54% increase in the quarterly dividend rate...**

## **Management's report to shareholders**



1978 was another year of progress for your company. Among the high spots were:

- > Record sales and net income levels for the eleventh year in a row with the former up 52% and the latter up 21% over 1977 on a radically different product mix.

- > The completion, in the second quarter, of the Amtel, Inc. acquisition (announced in November 1977) thereby increasing our holding of Amtel shares to 100%.

- > A contribution of \$1.20 per share in 1978 from Amtel acquired businesses versus the \$3.50 per share of net income before exchange loss that we achieved in total. As a consequence, about 34% came from the new members of our family. This, incidentally, exceeded estimates of \$1.00 per share that we made back at the time of the acquisition in November 1977.

- > The divestiture, after suitable consideration of their on-going role in our scheme of things, of certain segments of Amtel. Accordingly, as we enter 1979, we are left basically with the hard-core engineering, construction and manufacturing units to which we were attracted in making the Amtel acquisition.

- > The divestitures referred to freed up the cash invested in same to which should be added Amtel cash succeeded to at the time of the acquisition, cash generated from reductions during the year in working capital employed by Amtel units, profits earned since December 1st, 1977 through December 31st, 1978, profits anticipated to be earned by the retained businesses through the first quarter of 1979 plus further working capital reductions reasonably scheduled for the latter period – resulting in approximately \$60 million of the approximately \$80 million Amtel purchase price recovered in the first 16 months of ownership. Conclusion: the Amtel acquisition was a good one. Further, our company is now left with businesses we readily identify with and can make a continuing contribution to selling over \$300 million per year, expected to earn at least \$30 million per year in operating earnings, before corporate charges and taxes, and all in relation to what might be said is effectively \$20 million left invested. We believe that is a worthwhile achievement. Moving on –

- > Further progress in terms of meeting our 10-year plan for the 1970's, as established in 1969, and which progress is elaborated upon on page 6 of this report.

- > The restructuring of our Board of Directors in a manner which continues and which addressed certain business objectives as put forth at our Annual Meeting of Shareholders in April 1978.

- > A 54% increase in the quarterly dividend rate, from 26¢ Canadian to 40¢, was announced for the fourth quarter of 1978.

**The year turned out very much as planned...the economy in North America is even more cloudy than usual...we expect 1979 to be another year of progress...we are back on the acquisition trail.**

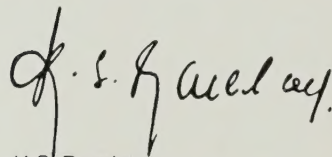
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In summary, and after looking back at what we had to say about the outlook for 1978 at the time of our Annual Meeting last spring, the year turned out very much as planned. We did encounter certain disappointments but managed to balance the latter off against excellent performance in other sectors more specifically referred to elsewhere herein.

The accompanying Annual Report, as in the past, elaborates for your greater understanding on a number of facets of our affairs in addition to presenting the financial statements for 1978. We encourage you to review these philosophies, objectives, profit improvement benchmarks, people-related observations plus more detailed commentary on our financial and operating results by major business groups.

If we turn briefly to 1979, the crystal ball on the economy in North America is even more cloudy than usual – with political considerations influencing to an ever-increasing extent the natural play of economic forces. Our judgment is that we will have some problems balancing our production schedules in the first quarter, make headway in the second quarter and gain momentum thereafter – much as we did in 1978. In the final analysis, we expect 1979 to be another year of progress and should point out that this is an “odd-numbered” year. (Our company made acquisitions in 1971, 1973, 1975 and 1977, and consolidated those acquisitions in 1972, 1974, 1976 and 1978.) It should be inferred that in 1979 we are back on the acquisition trail and have certain plans that could lead to the further growth of the corporation. In the context of growth, your Board of Directors and your management team are proud of the fact that recent independent studies have confirmed that Dominion Bridge common shares have provided, over a ten year period, the best total return to shareholders among the fifty largest industrial and utility corporations in Canada.

In conclusion, we are grateful for the conditions that contributed to making 1978 a successful year. The results would not have been achieved without the diligence and wise counsel of your Directors and the unsparing effort of your corporate and operating company officers and some 13,000 employees. For you, to each of them, I express your thanks and appreciation.



K.S. Barclay  
Chairman and Chief Executive Officer

March 23, 1979

Complex “wedge welding” of lattice tubes at Montreal plant. When completed this unit will have 2280 such welds, each made with utmost care by skilled Dominion Bridge welders utilizing company-developed techniques and equipment.

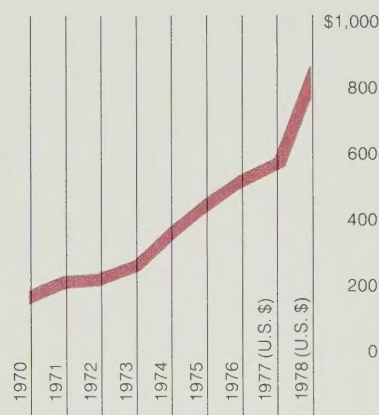


**The acquisition program...founded on the principle of balanced diversification...straddling a number of industries and a significant number of international markets...three priorities: avoid catastrophe...meet and beat the plan...organize for profit improvement.**

## The Dominion Bridge operating philosophy and objectives

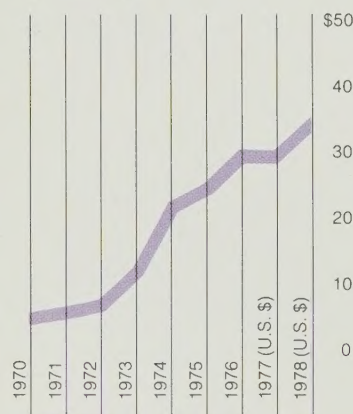
### Sales

(in millions)

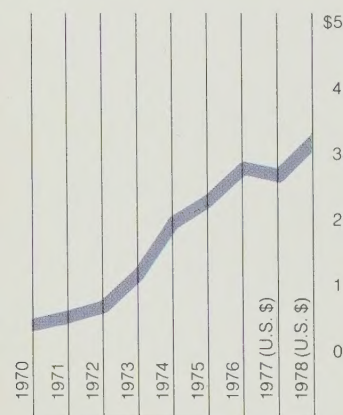


### Net income

(in millions)



### Earnings per share



1977 and 1978 are stated in U.S. dollars. 1976 and prior years are stated in Canadian dollars.

**Philosophy:** Dominion Bridge, formed in 1882, was, prior to 1970, primarily a structural steel fabricator serving the Canadian market. At the beginning of this decade the company embarked on a program of acquiring other companies which has resulted in substantial growth and diversification primarily in the U.S.

The acquisition program was founded on the principle of balanced diversification designed to afford protection against economic cycles and product obsolescence and to promote participation in new markets and new technologies. The overriding philosophy is to maintain the broadest posture possible, straddling a number of industries and a significant number of international markets, so as to avoid the instability and unfavorable consequences invariably associated with one industry and single nation identification.

The company allocates resources (manpower, money and materials) accordingly and invests (and divests) only for "return" – avoiding emotional attachments to any product or physical location – in recognition that each has its day in the sun. Continuing stress is placed on margins (profitability) and upon turnover (asset utilization relative to volume generated) so as to maximize return on investment. At any point in time, management is guided by three basic priorities; namely, to avoid catastrophe, to meet and beat the current business plan and to organize for future profit improvement.

**Objectives:** Prior to the beginning of this decade (1969), the company was operating at an annual sales level of \$168 million. Net income was \$4.1 million. Management set out to improve those results and to grow the organization through both acquisitions and internally generated growth – with the intent of reaching the billion dollar sales level by the end of the 1970's with earnings of \$50 million net. These goals were ambitious and implied that over the 10-year target period the corporation was out to increase sales and earnings at what would generally be called unsustainable average annual compound rates of 20% and 30% respectively.\* Notwithstanding, as of December 31, 1978, the end of the ninth year, (after making an approximate conversion of 1978 U.S. dollar results into Canadian dollars for the sole purpose of measuring results against objectives) the following compound annual rates of growth have been achieved:

> Sales 22%

> Net Income 30%

> Net income per common share 29%

Finally, the company has, in the process –

> improved the quality of its earnings,

> developed an exceptionally capable management organization,

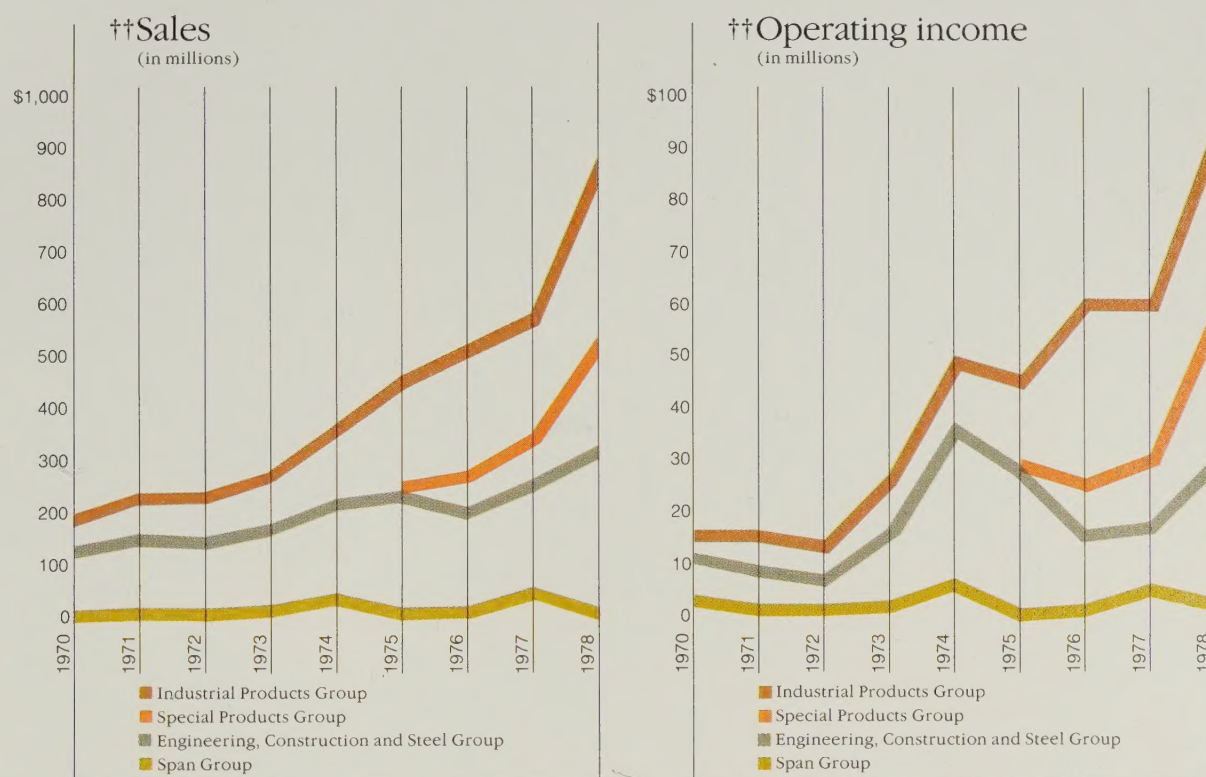
> acquired industry strengtheners and entered new industries compatible with the organization's basic skills,

> made the company more widely known and more highly regarded,

> achieved exceptional progress in the vital area of "return on shareholders' equity".

\*Note: In 1969 when these objectives were formulated the company was reporting all financial data in Canadian dollars and, as noted elsewhere in this report, continued to do so through December 31, 1977. Accordingly the objectives are as originally expressed i.e., stated in Canadian dollars.

## Sales and operating income by product group



		Industrial products group		Special products group†		Engineering construction and steel group		Span group		Total all groups	
		\$	%	\$	%	\$	%	\$	%	\$	%
<b>Sales</b> (in millions)	1970	62	32			125	63	9	5	196	100
	1971	76	32			144	62	15	6	235	100
	1972	83	35			142	60	12	5	237	100
	1973	101	36			160	58	18	6	279	100
	1974	145	39			180	49	45	12	370	100
	1975	203	44	15	3	227	50	14	3	459	100
	1976	244	47	69	13	187	36	20	4	520	100
	††1977	230	40	87	15	206	35	58	10	581	100
	††1978	346	39	207	23	311	35	19	3	883	100
<b>*Operating income</b> (in millions)	1970	4	25			8	50	4	25	16	100
	1971	6	38			8	50	2	12	16	100
	1972	6	43			6	43	2	14	14	100
	1973	10	37			14	52	3	11	27	100
	1974	13	26			30	60	7	14	50	100
	1975	16	35	1	2	28	61	1	2	46	100
	1976	35	58	10	16	14	23	2	3	61	100
	††1977	30	49	13	21	12	20	6	10	61	100
	††1978	35	37	29	31	28	29	3	3	95	100

\*Operating income as used means before corporate expense, exchange gains or losses on the balance sheet, and income taxes where applicable.

†This group was formed with the acquisition of Cherry-Burrell and DESA Industries in late 1975.

††1977 and 1978 are stated in U.S. dollars. 1976 and prior years are stated in Canadian dollars.

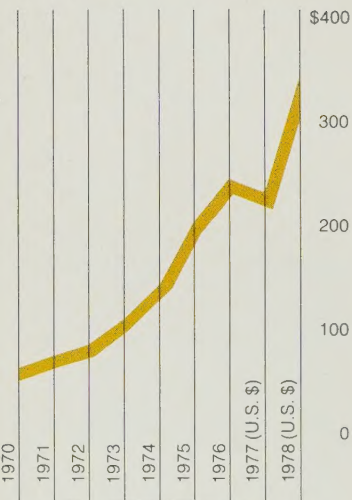
**Results:** Sales were a record \$346 million – operating income \$35 million. Orders in 1978 exceeded those in 1977. Soft offshore construction and basic-steel equipment markets plus significant management problems at Equipment Systems Division (ESD) produced very disappointing results – though this was more than offset by outstanding results elsewhere, particularly in the Eastern Canada Division.

**Outlook:** This group serves world agriculture, construction, energy, marine, mining, pulp and paper, steel, transportation and utility markets. It entered 1979 with orders of \$181 million, \$21 million over 1978. With this backlog plus expected strong market conditions, the group expects operating income can be restored to more normal levels.

## Industrial products group

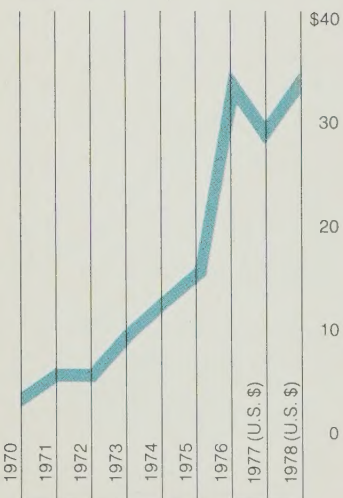
### Sales

(in millions)



### Operating income

(in millions)



1977 and 1978 are stated in U.S. dollars. 1976 and prior years are stated in Canadian dollars.

**Equipment Systems Division** includes Provincial, Canada's largest crane manufacturer; Morgan, producer of overhead travelling cranes for steel, utility and transportation markets; Clyde, manufacturer of Whirley shipyard, port, drilling platform and shipboard cranes and Wiley, producer of vehicular tunnel tubes, barges, tugboats and Whirley crane parts.

Soft markets troubled ESD in 1978, particularly in the U.S. steel sector served by Morgan and energy markets served by Clyde, resulting in less than anticipated volume and lower margins. Because of this, Morgan increased the pace (not without severe problems) into planned diversification in utility and container cranes and punchpresses. Clyde delivered Whirley cranes for pipe laying and offshore drilling and introduced an electronic-hydraulic crane. Wiley was not in a position to pursue more profitable options and accordingly produced a significant volume of low margin marine transportation products including a large work boat and passenger ferry. Provincial had a relatively good year given economic conditions in Canada.

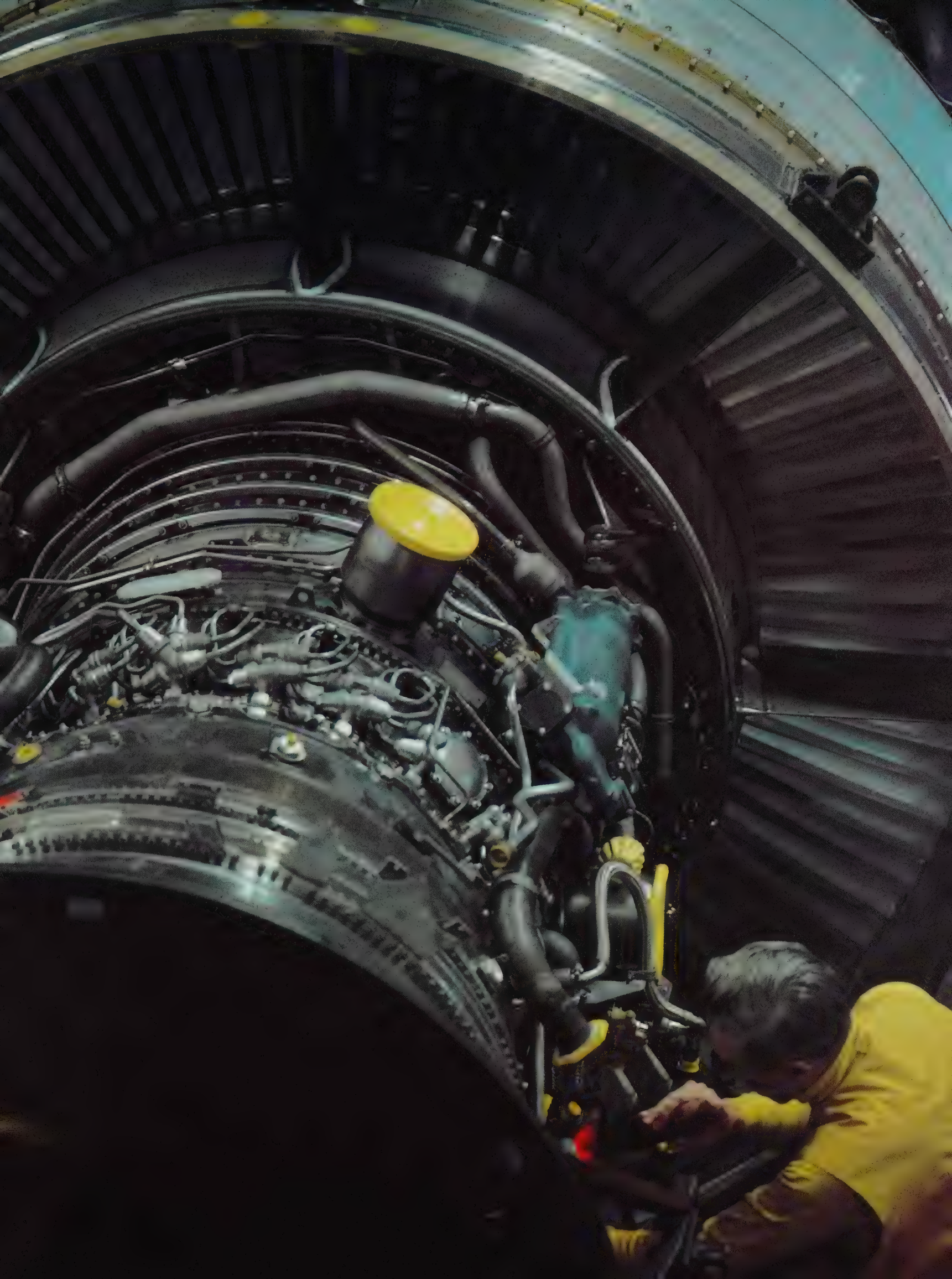
**Eastern Canada Division**, with plants and steel service centers in Quebec, Ontario, Nova Scotia and New York State, manufactures engineered products for nuclear and hydro plants, waste heat boilers, incinerators, Monroe precision forgings for jet engines, and steel products for chemical and petrochemical plants. It also manages turnkey projects worldwide and markets and erects structural steel and bridges in eastern Canada. During 1978 the division neared successful completion of the LaPrade heavy water facility, largest undertaking in the company's history. It made inroads internationally with an order for a major urea plant module in Sudan.

**Varco-Pruden**, the world's second largest manufacturer of pre-engineered metal building systems, continued its growth rate and again achieved record sales and earnings. It introduced an insulated wall system and sales of its standing seam roof system continued high. V-P moves into 1979 with a strong backlog and, based on current bookings, expects another excellent year.

**Insley** achieved record sales and earnings in 1978 and completed redesign of its excavator line. The new units are more powerful, durable and adaptable. Insley excavators are widely used by construction, pipeline and utility companies. An improved construction market and release of federal funds for sewage projects indicate continued demand in 1979.

**Imodco** markets, designs and manufactures some 45% of the world's single point mooring systems (SPM) for mooring and unloading liquid cargo ships. With world demand for oil coupled with the need for more efficient handling of slurry-form cargoes, Imodco's business broke records in 1978. Its established reputation and R & D leadership positions Imodco for an even greater share of the world's SPM market in 1979.

Pratt & Whitney Aircraft jet engine for 747 jumbo jets utilizes precision parts manufactured by company's Monroe Forgings unit.



**Results:** Sales of \$207 million were more than double the 1977 level of \$87 million. Operating income was up two-fold to \$29 million. Overall, sales and earnings for the group were positively impacted by the addition of four former Amtel companies. Combined sales and earnings of Cherry-Burrell and DESA Industries, acquired in 1975, increased 11% and 18% respectively over the prior year.

**Outlook:** The group enters 1979 with its backlog of orders at an all-time high. Barring any major downturn in the automotive or capital goods sectors of the North American economy, the group should have another year of solid growth in both sales and earnings.

## Special products group

This group has plants in North America and Europe serving the aerospace, automotive, capital goods, consumer, dairy, food and fluid processing industries. Products include packaging and processing equipment, industrial fasteners, chain saws, metal-forming machinery, engineered cutting tool systems and automotive components.

**Cherry-Burrell** produces packaging and processing equipment for fluid handling and is a leading manufacturer of carton-filling machines. Sales and earnings broke records for the third consecutive year since acquisition. The company introduced a new high speed dairy carton-filling machine and valve clusters for fluid distribution in the brewing industry. Saudi Arabia contracted for a turnkey dairy products plant – the largest order in this unit's history. 1979 promises to be another excellent year.

**Continental Screw** designs and manufactures proprietary fasteners and thread-cutting taps for the automotive, appliance and construction industries. Sales and earnings were up due to improved market penetration. 1979 outlook is for modest growth reflecting uncertainties in the automotive and appliance industries.

**DESA Industries** designs, manufactures and markets Remington chain saws and construction tools. 1978 sales rose 11% and earnings 25%. DESA introduced several handyman products including a powder actuated fastening tool and a high performance electric chain saw. Rising demand for chain saws plus more planned new products indicates that 1979 should be another growth year.

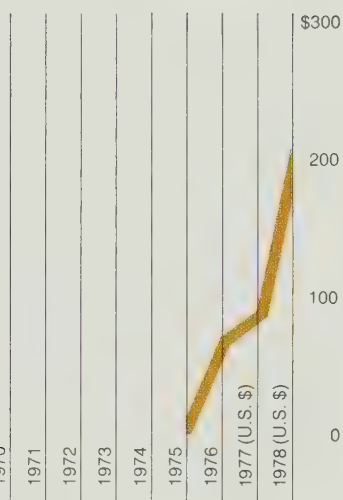
**Fenn Manufacturing** produces metal-forming machinery and precision aircraft parts. Due to depressed conditions in the steel industry, the company concentrated on producing precision helicopter parts resulting in improved sales and earnings. New management controls and an excellent order backlog for helicopter parts hold promise for a good 1979.

**Janesville Products** manufactures automobile foam seats and fibrous carpet padding. 1978 sales and earnings reached record levels due to improved penetration of the automotive market plus expanded fibrous products production. Despite uncertainty in the automotive industry, Janesville is optimistic about 1979, due in part to broadened market coverage from a new plant in Oklahoma City.

**Madison Industries** designs and manufactures proprietary cutting tools for metal-working machines for the automotive, farm equipment, machine tool and aerospace industries. Its plants are in the U.S., Germany and England. Half of its products are sold internationally. Sales and earnings for the year reached new highs in 1978 and continued prosperity is expected in 1979.

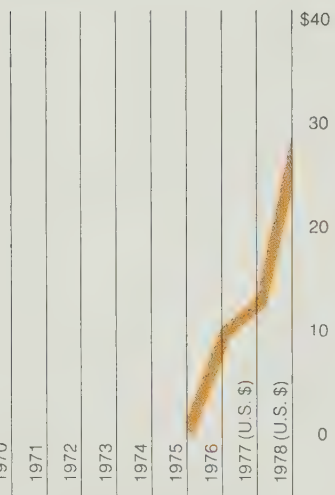
### Sales

(in millions)



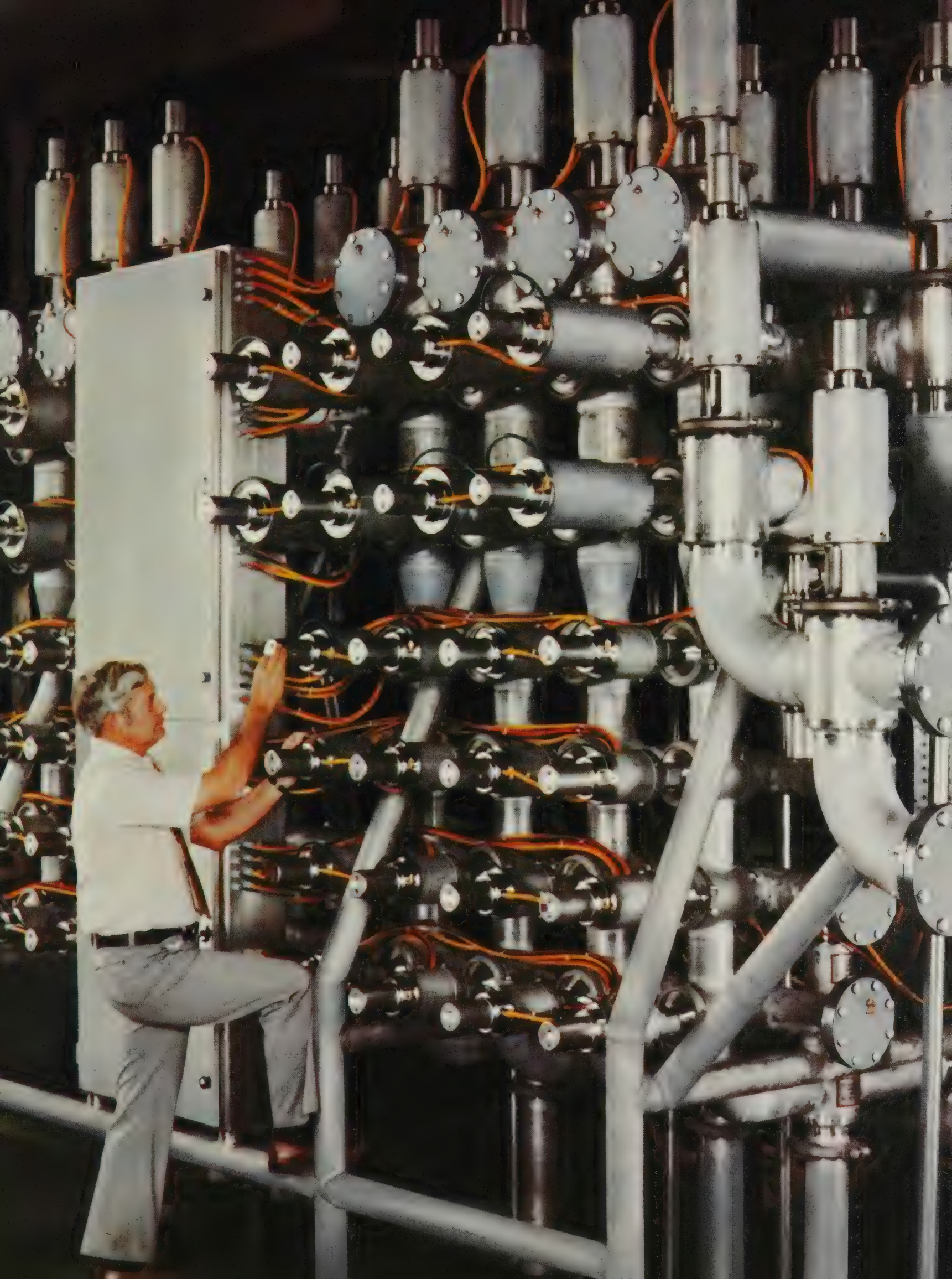
### Operating income

(in millions)



1977 and 1978 are stated in U.S. dollars. 1976 and prior years are stated in Canadian dollars

Revolutionary Cherry-Burrell valve cluster makes possible computer-controlled brewery, soft drink and dairy operations.

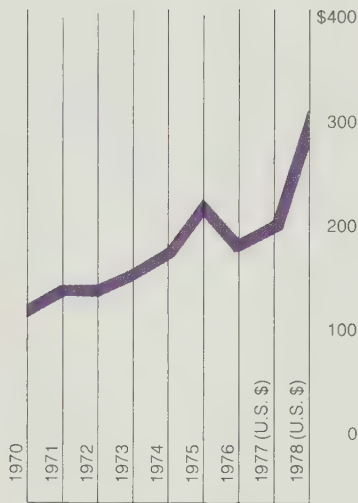


**Results:** Sales of \$311 million were 51% higher than in 1977. Operating income of \$28 million was some 133% above the 1977 level, resulting from the addition of the businesses acquired in the acquisition of Amtel, Inc., from improved steel industry business in Canada and exceptional sales and profitability in overseas work done by Litwin S.A.

**Outlook:** The group enters 1979 with an order backlog 39% ahead of the backlog a year ago. Its Canadian and U.S. business should show further improvement in 1979 due to growing demand for steel products and a general increase in energy-related construction. Overseas business, handled by Litwin S.A., will decline from record 1978 levels because of a slowdown in construction of chemical processing plants.

## Engineering, construction and steel group

Sales  
(in millions)



Operating income  
(in millions)



1977 and 1978 are stated in U.S. dollars. 1976 and prior years are stated in Canadian dollars.

**Western Canada Division** In mid-1978 the company's Canadian operations were organized on a geographical rather than a product basis. This division operates a steel rolling mill, four steel fabrication plants, five construction service depots and seven steel service centers. 1978 demand for structural steel and platework products was low while the transmission tower and specialty steel joist businesses improved. Steel prices rose sharply due to government suppression of imports. Business was brisk at the group's service centers. Demand for rolling mill products reached an all-time high. **Litwin Engineers & Constructors** provides turnkey engineering and construction services for the petroleum and chemical processing industries. Sales were up 93% and earnings 16%. Earnings did not keep pace with sales due to a different mix of business and intense price competition.

While emphasis has been on petroleum and petrochemical projects, this unit now engineers and constructs specialized chemical processing plants. In 1978 Litwin realized some \$14 million sales from Jesco, an open shop contractor acquired during the year. Jesco specializes in commercial and industrial building and has begun offering construction services in the petrochemical field as well.

A slowdown in the U.S. economy in 1979 would adversely affect Litwin's business; however, it anticipates this would be more than offset by increased engineering and construction work on overseas processing plants.

**Litwin S.A.** engineers, designs and constructs petroleum and petrochemical processing plants. Its heaviest market concentration has traditionally been in eastern Europe. During 1978 it implemented a program of product and geographical diversification to participate in process projects other than those that are petro-based and is seeking to participate in the growing Middle East and African markets through a new Dubai office.

**Orba** provides unique bulk handling services and offers consultation services as well as full construction supervision and long-term bulk handling operating services. During 1978 Orba continued its highly successful transshipment operations for electric power companies in Wisconsin and Alabama and began operating a new vessel-based unloading program for a major U.S. firm, featuring an integrated tug/barge system for the efficient movement of fertilizer. Orba looks for significant sales volume growth in 1979 as 1978 engineering study projects progress into the design and construction stages.

Massive walking dragline dwarfs one of 40 Dominion Bridge crewmen who handled on-site assembly of this 3500-ton coal strip-mining monster for Alberta Power Ltd.



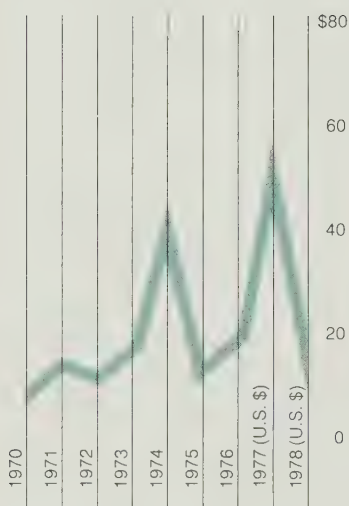
**Results:** Span continued with efforts to penetrate a number of world markets. The year closed with sales of \$19 million and net income of \$3 million. Though a good year, 1978 results as anticipated were less than the record 1977 which included the previously reported major contract in Sudan. No contract of similar size was booked in 1978.

**Outlook:** A reorganization and new marketing offices in Dubai, Singapore, Curacao and the Netherlands, have positioned this unit for improved world market penetration.

## Span Holdings Limited

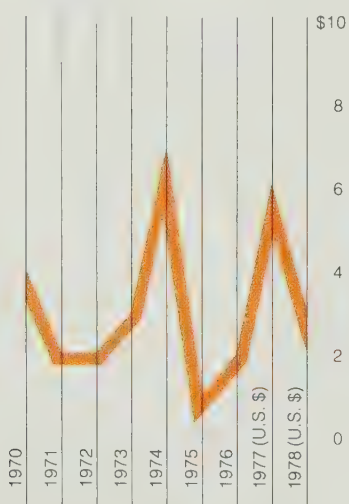
### Sales

(in millions)



### Operating income

(in millions)



1977 and 1978 are stated in U.S. dollars. 1976 and prior years are stated in Canadian dollars.

Span Holdings Limited manages a variety of international investments and other activities from corporate offices in Nassau, Bahamas. Its subsidiary, Span International Limited, also based in Nassau, purchases raw steel and other materials from worldwide sources. Steel purchased by Span is sold in North America and elsewhere in the world where it has established markets. Sixty percent of Span International is owned by Span Holdings. The remaining minority interest is held by a consortium of major international banks.

Span International owns, or has under license, rights to market a variety of the products of AMCA International Corporation throughout the world, excepting North America. Among these products are Varco-Pruden pre-engineered metal buildings, Clyde Whirley cranes, ship deck machinery, hoists, derricks and barges. These products are marketed through Span's Nassau office as well as its offices in Athens, Dubai, Singapore, Curacao and the Netherlands.

In addition to its professional buying and selling services, Span offers consulting services in international marketing, market surveys, freight, insurance and shipping services, as well as short- and long-term financing for export projects and pursuit of major project opportunities.

Sales of Varco-Pruden metal building systems were down in 1978 compared with 1977 because as noted the prior year's sales included the major order from the Sudanese Government. No order of similar magnitude was booked during 1978, but it is expected that the establishment of Span offices in the Middle and Far East should improve metal building sales in these growth areas in 1979.

By contrast, Span's sales of cranes improved in 1978. Major sales were effected in South America and the Far and Middle East. Worldwide, sales of Whirley cranes should increase reflecting continued oil exploration and general construction activities.

These new thrusts on Span's part hold promise for further prosperity of this organization. In addition to marketing Varco-Pruden buildings, Span has expanded into related erection and turnkey services. It now has a contract with the Sudanese Government for the erection of its Varco-Pruden buildings and anticipates that contracts in other nations will similarly include both hardware and construction.

During the year, Span established a new entity to provide access to world money markets and to serve as a financing source (including for the products of Dominion Bridge and AMCA International) thereby enhancing the growth potential for the total family of companies.

Varco-Pruden hangars, being marketed in the Middle East by Span, provide for economical construction flexibility. Span personnel here analyze large aircraft placement within a scale model hangar.



Continued profit improvement is one of the company's three basic objectives. Accomplishment of this objective may take many forms, including formal cost reduction programs, improving the profitability of acquired companies, product development and disposition of redundant assets so as to achieve optimum goals for return on capital.

## Profit improvement

The company has long realized profit improvement by up-dating technology in the custom design and fabrication businesses. This technology relates to welding, engineering, material selection, stress analysis, corrosion protection and the development of specialized manufacturing equipment and processes. More recently, the company's acquisition program has resulted in a substantial shift towards proprietary products with a significant engineering content and has thus placed greater emphasis on product development.

Improving profitability is thus a continuing corporate objective embodying the search for better ways to produce quality products at optimum costs through cost reduction programs, product development and elimination of redundancies.

**Innovation – a two way street** Each newly acquired company is studied to determine how its profitability can be improved by the introduction of operating practices found to be effective within the Dominion Bridge family of companies. At the same time, the company is alert to innovative methods practiced by acquired companies – methods that may improve the profitability of other units in the Dominion Bridge family.

Company specialists also monitor industry developments, alert to new concepts that will improve company profitability. These innovations are continually sought in areas identified above.

**Welding better products – profitably** Since welding is so substantial a part of the company's work, great effort is expended to reduce welding costs while improving product quality and profitability. Welding has been so basic for so long that the company is a recognized leader in the science of welding. At its corporate laboratory in Montreal, experts study welding procedures, materials and equipment. They structure training courses for company personnel, some conducted at Montreal, others at individual plant locations. Courses not only help develop bench expertise, they also train personnel in the use of new, more efficient welding machines and procedures.

**Profit improvement program** Each division formalizes a profit improvement program on a yearly basis with particular emphasis on cost reduction. Cost reduction performance is then monitored on a regular basis and beneficial ideas are shared among the divisions.

Research and development expenditures  
(in millions)



**Improving profitability is a continuing corporate objective embodying the search for better ways to produce quality products at optimum costs....Profit improvement at all levels in all operations is a way of life and closely and frequently monitored by management.**

**Asset management** Another cornerstone of the company's profit improvement program is to maximize the use of assets and minimize interest expense. Accordingly, the company is dedicated to controlling the use of working capital and carefully planning investment in fixed assets. The performance of each division and its key personnel is measured to a large degree on the profitable management of the assets entrusted to them.

**Safety programs** Each operating unit also maintains an active safety program that combines personnel safety and loss prevention. This effort is closely coordinated with outside agencies and internally measured against standards set by each division.

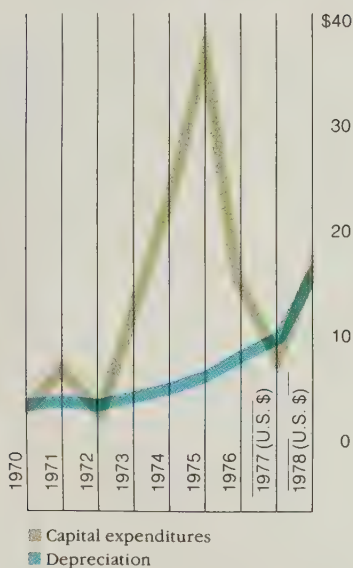
**Research and development** Corporate R & D focuses on problem solving and product design. Much of what is achieved has a close tie to what the company does in overall profit improvement. Each unit of the company is responsible for the R & D needed with its own products. Corporate specialists assist units in solving unique development problems. These specialists also serve as collectors of innovative technical concepts from within and outside the company—concepts they share with all company units.

**Product development** Acquired units that specialize in proprietary products have increased company emphasis on new product development. Although specific development work is conducted at the operating unit level where local engineers are thoroughly grounded in the product, corporate specialists assist with technical, engineering and marketing counsel.

**Capital expenditures** How the company manages capital expenditures can mean the difference between profit and loss. Dominion Bridge's management religiously controls capital expenditures. Only after thorough examination and justification are capital expenditures approved. Approximately one third of such expenditures are aimed at reducing production costs, one third for replacement and modernization of present equipment and one third for increased capacity, improvement of safety, health and environmental conditions and improving product quality.

**Increased applications for computers** The company operates a computer center in Memphis, Tennessee available to all units. The center, which was upgraded during 1978, employs specialists who have developed specific programs that make possible valuable assistance in data processing, manufacturing, materials planning and ordering, product development and product design. As utilization has become more widespread, systems and program development personnel have been put in place at corporate and operating unit levels.

Capital expenditures and depreciation  
(in millions)



1977 and 1978 are stated in U.S. dollars. 1976 and prior years are stated in Canadian dollars.

**The company's prime asset is its people. Fundamental to corporate strategy is the attraction, retention, development and replenishing of this basic asset. This objective is achieved by a variety of programs in the areas of recruiting, salaries, incentive compensation, fringe benefits, manpower development and employee relations.**

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**People: The most important asset**

**Salaries and other compensation** The company has implemented widely recognized professional programs of salary administration throughout its operations. These programs ensure external competitiveness in the marketplace and internal equity in pay practices. In addition, incentive compensation programs are made available to key managers and employees on a basis geared to profit performance in relation to assets employed. Both compensation and fringe benefits are reviewed annually by means of local and national surveys to ensure continued validity.

Operating under both Canadian and U.S. laws, the company is, of course, affected directly by Canada's removal of its anti-inflation laws and by President Carter's recently announced guidelines. The company will endeavor to work within the parameters of both nations' guidelines. It should be noted that incentive compensation plans were reviewed in 1978. Program variations between Canadian and U.S. operations were resolved and common plans adopted. The majority of Amtel units acquired by the company also adopted standard company salary plans in 1978 and all remaining Amtel units will join the plan at the outset of 1979.

**Training for the future** Companies throughout North America are experiencing increasing shortages of trained personnel. To meet present and future needs, a number of training seminars are in operation. They run the gamut from shop skills to management development.

**Promoting the promotable** The company has adopted a management assessment planning and development program that provides a means of identifying promotable people as well as others who can benefit from personal development in preparation for assuming positions of greater responsibility.

**Education assistance** In addition to its management program, the company finances training for employees at educational institutions. These programs support job and career aspirations of participating employees and assist them in maintaining competence in the face of changing technology.

**Labor agreements** During 1978 amicable agreements were reached with labor groups at 15 locations, six in Canada, nine in the United States. A one year contract extension was negotiated with workers at the company's Edmonton plant. There were three strikes ranging from two weeks at Clyde Iron to 4½ months at the Sault Ste. Marie plant. A third strike lasted three weeks at Insley Manufacturing. Construction worker negotiations in nine of Canada's ten provinces were completed without major work stoppages. The company was involved in fifty bargaining situations with various construction unions.

During 1979 new collective labor agreements will be negotiated at four U.S. and ten Canadian locations, plus a new Quebec construction worker's agreement.

Main process towers for LaPrade Heavy Water Plant near Gentilly, Quebec, are among the largest ever built. Plate material for the vessels was formed at Dominion Bridge plant in Montreal and assembled on site.



**Statistical Summary**

	<b>1978*</b>
<b>Operating results</b> (\$ millions)	
Sales	<b>883.5</b>
Income before foreign exchange, income taxes and minority interest	<b>68.9</b>
Income taxes	<b>31.4</b>
Net income	<b>34.4</b>
Extraordinary items	<b>—</b>
Dividends	<b>10.8</b>
Income retained	<b>23.6</b>
<b>Financial condition and ratios</b> (\$ millions)	
Working capital	<b>176.2</b>
Cash flow from operations	<b>50.8</b>
Net fixed assets	<b>134.1</b>
Depreciation and amortization	<b>16.8</b>
Additions to fixed assets	<b>18.1</b>
Long term debt	<b>139.0</b>
Shareholders' equity	<b>208.7</b>
Return on average shareholders' equity %	<b>17.5</b>
Net income on sales %	<b>3.9</b>
<b>Per share data</b> (\$)	
Sales	<b>82.84</b>
Net income	<b>3.22</b>
Extraordinary items	<b>—</b>
Dividends (Canadian Dollars)	<b>1.18</b>
Income retained	<b>2.21</b>
Cash flow from operations	<b>4.77</b>
Equity at year end	<b>19.57</b>
<b>Shareholders and employees</b>	
Number of shareholders	<b>3,859</b>
Number of employees	<b>13,595</b>
Number of shares outstanding (thousands)	<b>10,665</b>

Data for past years has been adjusted to reflect the two-for-one stock subdivisions in November 1974 and October 1976.

\*1977 and 1978 are stated in U.S. dollars. 1976 and prior years are stated in Canadian dollars.

1977*	1976	1975	1974	1973	1972	1971	1970	1969
580.5	519.6	459.3	370.4	278.4	236.6	234.9	196.5	168.0
53.1	51.3	38.9	38.1	21.6	11.7	10.4	11.1	6.9
18.6	21.2	15.0	14.4	8.6	4.1	4.0	5.5	2.8
28.5	29.4	24.4	21.7	12.3	7.6	6.2	5.6	4.1
-	-	4.3	-	-	5.9	-	1.1	0.7
9.3	10.4	9.0	5.7	4.0	3.5	2.6	2.6	2.1
19.2	19.0	19.7	16.0	8.3	10.0	3.6	4.1	2.7
112.5	108.7	92.7	77.1	79.7	69.5	56.8	57.3	58.2
40.3	40.5	37.6	33.3	19.7	11.9	10.0	9.4	7.8
134.1	108.3	102.2	70.4	51.0	41.7	42.9	40.0	39.6
10.2	8.6	6.7	5.6	4.6	3.9	4.3	3.8	3.4
8.9	15.7	39.9	25.2	14.1	3.5	7.4	3.8	3.4
104.4	30.9	31.5	20.2	22.0	10.2	10.4	10.7	11.0
184.7	166.0	147.3	127.5	111.5	102.7	92.5	88.6	84.5
16.3	18.8	17.8	18.2	11.5	7.8	6.8	6.5	4.9
4.9	5.7	5.3	5.9	4.4	3.2	2.7	2.8	2.5
54.59	48.90	43.30	34.95	26.28	22.56	22.52	19.00	16.25
2.68	2.77	2.30	2.05	1.17	0.73	0.60	0.55	0.40
-	-	0.40	-	-	0.57	-	0.11	0.07
0.94	0.98	0.85	0.54	0.38	0.34	0.25	0.25	0.20
1.81	1.79	1.86	1.51	0.79	0.96	0.35	0.40	0.27
3.79	3.81	3.55	3.15	1.86	1.13	0.96	0.92	0.75
17.37	15.62	13.89	12.04	10.53	9.79	8.87	8.56	8.18
3,835	3,688	3,504	3,402	3,607	3,854	4,555	5,884	6,042
8,995	10,313	11,166	9,087	8,122	7,152	7,256	6,759	7,280
10,634	10,625	10,608	10,596	10,592	10,486	10,430	10,346	10,340

**For reasons described elsewhere in this report, including in part hereunder, 1977 data has, for comparison purposes, been restated.**

**Operating results** For the eleventh year in a row, the company achieved record sales and earnings. Net income before exchange loss (which included an exchange loss of 11¢ per share on the P & L account, as distinct from on the balance sheet and which compared with a loss of 5¢ a year ago) was \$3.50 per share versus \$3.03 in 1977, with 79% contributed by U.S. and international operations. After deduction of the exchange loss on the balance sheet, net income was \$3.22 per share, up 21% over the \$2.68 earned in 1977 with 91% contributed by other than Canadian operations compared to 84% in 1977.

The company began the year with a backlog of \$396 million after reflecting the consolidation of Amtel, Inc., obtained new work totalling a record \$997 million, sold a record \$883 million, and finished the year with a record year-end backlog of \$510 million (up 29% over December 31, 1977) as the company headed into 1979.

**Financial position** Return on average shareholders' equity during 1978 was 17.5% compared to 16.3% in 1977.

Shareholders' equity of \$19.57 per share increased about 13% during the latest year.

In a continuing effort to ensure optimum benefit from its financial strength, the company issued \$25 million U.S. debentures during 1978 at an attractive 9% rate. With this in place, the ratio of equity to long-term debt at December 31, 1978 was 1.5 to one compared to a 1.77 to one ratio a year earlier.

Working capital increased by \$64 million in 1978 to \$176 million at year-end. The current ratio at year-end was a sound 1.74 to one compared to 1.48 to one at December 31, 1977.

The company's effective tax rate for 1978 was 48% compared to 40% for 1977. This increase was due primarily to a higher percentage of pre-tax earnings generated in the U.S. in 1978 (subject to higher rates than in Canada) and to reduced tax free Bahamian earnings.

Operating income (as depicted on page 7 of this report) as a percent of sales increased from 10.5% in 1977 to 10.8% in 1978.

**Financing** As referred to above, the company continues to restructure its debt and to interact effectively with domestic and foreign lenders. In that general context, the company has available about \$150 million of short-term borrowing capacity and continues to explore arrangements that, over the longer term, will ensure the most favorable debt to equity relationship and minimize related financing costs.

**Amtel** The businesses acquired in the acquisition of Amtel, Inc. in December 1977 contributed \$1.20 of the \$3.50 per share net income before exchange loss that the company earned in 1978. It should be stressed that the \$1.20 per share is after allowing for all interest expense incurred with respect to the price paid for the Amtel shares and, further, is after the amortization of the excess of the purchase price over stated fair values of net assets acquired and which amortization amounted to \$1,451,000 in 1978.

The excess of the purchase price over fair value has been recorded as "goodwill". It totals \$59 million of the net assets acquired and will be amortized over a period not exceeding 40 years. As a prelude to arriving at the goodwill determinations, the company carried out detailed studies and appraisals throughout 1978 as required for the allocation of the purchase price. As a result, the company believes that the valuation is conservatively calculated. All necessary reserves required to ensure that the company is properly protected were included in the opening balance sheet adjustments relating to the Amtel transaction and form part of the goodwill amount as finally determined.

**Other** As previously reported, effective January 1, 1978, the company decided to issue its financial reports in U.S. dollars. This decision related to the substantial changes that have taken place in the organization in recent years and in particular the fact that the major portion of the company's earnings are now derived primarily from U.S. and, to a lesser extent, international sources rather than from operations in Canada. This change should focus attention on operating performance, and therefore operating results, as distinct from simple net income results. The latter can be dramatically effected by bookkeeping entries related to currency conversions.

Finally, it should be noted that the company continues to declare and pay its dividend in Canadian dollars notwithstanding the changes referred to above. The quarterly dividend was increased from \$0.26 to \$0.40 per share for the last quarter of 1978. This resulted in total dividends for 1978 of \$1.18 compared with \$0.935 in 1977, an increase of about 26%. On an annual basis the increase amounts to approximately 54%.

**Consolidated statement of income**

Year ended December 31, 1978  
(In thousands of U.S. dollars)

**Revenues:**

Sales  
Investment and sundry income

**1978**

**1977**

**\$883,486**

**\$580,528**

**2,696**

**2,335**

**886,182**

**582,863**

**Costs and expenses:**

Cost of sales and operating expenses  
Depreciation  
Amortization of goodwill and other intangible assets  
Interest on long-term debt  
Interest on short-term borrowings

**784,765**

**515,517**

**14,722**

**10,132**

**2,058**

**20**

**12,831**

**1,634**

**2,932**

**2,505**

**817,308**

**529,808**

**Income before foreign exchange loss,  
income taxes and minority interest**

**68,874**

**53,055**

Foreign exchange loss

**2,926**

**3,680**

Income taxes:

Current

**20,117**

**23,422**

Deferred

**11,318**

**(4,776)**

Minority interest

**133**

**2,228**

**Net income**

**\$ 34,380**

**\$ 28,501**

**Earnings per share**

**\$3.22**

**\$2.68**

**Consolidated statement of retained earnings**

Year ended December 31, 1978  
(In thousands of U.S. dollars)

**Balance at beginning of year**

Net income for the year

**\$167,149**

**\$147,969**

**34,380**

**28,501**

**201,529**

**176,470**

Dividends

**10,828**

**9,321**

**Balance at end of year**

**\$190,701**

**\$167,149**

See accompanying notes.

**Consolidated statement of  
changes in working capital**

Year ended December 31, 1978

(In thousands of U.S. dollars)

**Sources of working capital:**

Operations:

Net income

Add (deduct) items not affecting working capital:

Depreciation and amortization

Increase in deferred income taxes (noncurrent)

Other

Working capital provided from operations

Increase in long-term debt

Issue of share capital

Net book value of assets sold or retired

Other

Total working capital provided

**Applications of working capital:**

Acquisition of net noncurrent assets of Amtel:

Property, plant and equipment

Goodwill

Assumption of long-term debt

Other

Purchase of property, plant and equipment

Decrease in long-term debt

Dividends

Dividends - minority shareholders of a  
subsidiary company

Other

Total working capital applied

**Increase in working capital**
**Increase (decrease) in working capital:**

Cash and short-term deposits

Accounts and notes receivable

Income taxes recoverable

Inventories

Prepaid expenses

Net assets of operations to be sold

Bank and short-term borrowings

Accounts payable and accrued liabilities

Advances on contracts

Income taxes

Current portion of long-term debt

**Increase in working capital**

See accompanying notes.

1978

1977

\$ 34,380

\$ 28,501

16,780

10,152

1,178

1,076

(1,492)

603

50,846

40,332

41,448

61,183

433

89

9,741

2,104

422

-

102,890

103,708

-

27,466

-

59,018

-

(41,945)

-

5,752

-

50,291

18,075

8,903

6,768

29,676

10,828

9,321

2,000

168

1,587

1,478

39,258

99,837

\$ 63,632

\$ 3,871

\$ 25,474

\$(17,148)

27,137

81,171

2,624

-

8,133

11,777

2,399

984

(298)

11,120

6,930

5,760

2,056

(69,450)

(11,852)

5,684

(3,399)

(20,044)

4,428

(5,983)

\$ 63,632

\$ 3,871

**Consolidated statement of financial position**

As at December 31, 1978  
(In thousands of U.S. dollars)

**Current assets:**

Cash and short-term deposits	<b>\$ 55,128</b>	\$ 29,654
Accounts and notes receivable (Note 1)	<b>207,951</b>	180,814
Income taxes recoverable (Note 3)	<b>2,624</b>	–
Inventories (Note 4)	<b>130,172</b>	122,039
Prepaid expenses	<b>6,878</b>	4,479
Net assets of operations to be sold (Note 2)	<b>10,822</b>	11,120
	<b><u>413,575</u></b>	<u>348,106</u>

**Current liabilities:**

Bank and short-term borrowings	<b>15,512</b>	22,442
Accounts payable and accrued liabilities	<b>144,544</b>	146,600
Advances on contracts	<b>32,561</b>	20,709
Income taxes	<b>3,654</b>	16,895
Deferred income taxes	<b>35,940</b>	19,300
Current portion of long-term debt	<b>5,196</b>	9,624
	<b><u>237,407</u></b>	<u>235,570</u>

**Working capital**

**176,168**      112,536

**Other assets:**

Investments (Note 5)	<b>719</b>	5,986
Fixed assets, less accumulated depreciation (Note 6)	<b>134,110</b>	134,101
Goodwill (Note 2)	<b>58,282</b>	59,751
Other	<b>9,768</b>	10,065
	<b><u>202,879</u></b>	<u>209,903</u>

**Total investment**

**379,047**      322,439

**Other liabilities:**

Long-term debt (Note 7)	<b>139,036</b>	104,356
Deferred income taxes	<b>25,184</b>	24,006
Minority interest	<b>1,697</b>	3,564
Unamortized vested pension liability of acquired companies	<b>3,453</b>	3,525
Other deferred credits	<b>975</b>	2,271
	<b><u>170,345</u></b>	<u>137,722</u>

**Shareholders' equity**

**\$208,702**      \$184,717

Capital stock – no par value (Note 8)		
Authorized – 16,000,000 shares		
Issued – 10,664,604 shares (1977 – 10,633,504)	<b>\$ 18,001</b>	\$ 17,568
Retained earnings	<b><u>190,701</u></b>	<u>167,149</u>

**Shareholders' equity**

**\$208,702**      \$184,717

See accompanying notes.

Approved by the Board  
K.S. Barclay, Director  
J. Angus Ogilvy, Director

**Notes to consolidated  
financial statements**

Year ended December 31, 1978  
(In U.S. dollars)

**1. Summary of significant accounting policies**

The consolidated financial statements of the Company have been prepared by management in accordance with generally accepted accounting principles in Canada. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment and in the light of information available up to January 26, 1979. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

**Consolidation.** All subsidiary companies are consolidated and all significant inter-company accounts and transactions have been eliminated. The net tangible assets of businesses purchased are recorded at their fair values at the date of acquisition. The excess of purchase price over fair market value of these tangible assets is shown on the statement of financial position as goodwill and is being amortized over a period not exceeding forty years.

**Revenue recognition.** Sales and profits relating to construction contracts are recognized on the percentage-of-completion basis; provision is made for the entire amount of expected losses, if any, in the period in which they are first determinable. Included in accounts receivable are unbilled receivables related to these contracts of \$45,860,000 (1977 \$38,928,000).

**Currency translation.** Working capital (excluding inventories, unbilled receivables, deferred taxes relating to the use of the percentage-of-completion method of accounting and prepaid expenses) and long-term debt have been translated into U.S. dollars at the year-end rate of exchange and the remaining assets and liabilities at appropriate historical rates. Revenues and expenses have been translated at weighted average exchange rates for the year with the exception of depreciation and amortization which were based on the historical rates used for the related assets.

Gains and losses resulting from translation are reflected in the income statement currently.

**Inventories.** Work-in-progress related to construction contracts is stated at accumulated production costs less amounts charged to income based on the percentage-of-completion of individual contracts. Other inventories are stated at the lower of cost (average or first-in, first-out) and net realizable value.

**Fixed assets.** Property, plant and equipment are recorded at cost. On disposal, any gain or loss is included in income.

Depreciation is determined principally on a straight-line basis over the estimated useful lives of the assets.

**Income taxes.** Deferred income taxes are provided to record the income tax effect of timing differences in reporting transactions for financial statement and income tax purposes. Such timing differences relate, principally, to depreciation of property, plant and equipment, the reporting of income on construction contracts and warranty costs.

Provisions have not been made for taxes on undistributed income of foreign subsidiaries inasmuch as such income is being reinvested in the respective countries.

## **2. Accounting restatements**

**Change to U.S. dollar reporting.** Prior to 1978, the Company's consolidated financial statements were stated in Canadian dollars. In recent years, however, the Company's growth has been concentrated outside Canada, mainly in the United States. At December 31, 1977, U.S. and International assets represented 70% of the consolidated assets and provided 78% of consolidated earnings for that year. Given this concentration of assets and earnings outside Canada, significant variations in the exchange rate between U.S. and Canadian dollars will result in exchange differences that are unrelated to actual operations and would have a distorting effect. In light of these factors, the Company has concluded that reporting in U.S. dollars rather than Canadian dollars would provide a more consistent and meaningful measurement of consolidated operating results. Accordingly, the 1978 consolidated financial statements are presented in U.S. dollars and the comparative figures for 1977 have been restated.

**Acquisition of Amtel Inc.** In December 1977, AMCA International Corporation, the Company's wholly-owned United States subsidiary, acquired 91% of the common stock of Amtel, Inc. for \$72,077,000 in cash. The accounts of Amtel were not consolidated as at December 31, 1977 because the detailed studies and appraisals required for the allocation of the purchase price as required by generally accepted accounting principles were not completed as at the date of issuance of the financial statements.

During 1978, the remaining 9% of the common shares were acquired for \$7,195,000 in cash and the study of the fair values of Amtel's assets and liabilities was completed. The accounts of Amtel have been consolidated for 1978 and the comparative figures for 1977 have been restated to reflect the inclusion of Amtel as a wholly-owned subsidiary.

The acquisition of Amtel has been accounted for by the purchase method. The assets and liabilities acquired have been stated at fair values and the excess of the purchase price of \$79,272,000 over these fair values has been recorded as goodwill amounting to \$59,018,000.

Included in net assets acquired were certain operations for which a formal disposition plan has been instituted. The assets and liabilities of these operations have been stated at estimated net realizable value.

**Notes to consolidated financial statements**

(Continued)

**3. Income taxes**

During 1978, the Canadian taxation authorities reassessed the Company \$2,624,000 (\$3,111,000 in Canadian dollars) for tax and interest for the years 1970 through 1973. These reassessments relate to operations of a subsidiary resident in the Bahamas.

In the opinion of legal counsel, the facts which control the issues now being considered are substantially more favorable to the Company than those which led to assessments for the years 1967, 1968 and 1969, which were decided in favor of the Canadian taxation authorities. Accordingly, these reassessments are being contested and the amounts have been paid and recorded as recoverable.

In the opinion of management, the ultimate liability, if any, from the issues raised by the Canadian taxation authorities will not have a material effect on the consolidated financial position of the Company.

**4. Inventories (in thousands)**

	1978	1977
Work-in-progress	\$ 42,518	\$ 36,811
Steel and other supplies	66,357	65,562
Finished products	21,297	19,666
	<u>\$130,172</u>	<u>\$122,039</u>

**5. Investments (in thousands)**

	1978	1977
Marketable securities, at cost	\$ 719	\$ 4,879
Quoted market value		
1978 - \$ 503		
1977 - \$4,000		
Other securities, not exceeding market value	-	1,107
	<u>\$ 719</u>	<u>\$ 5,986</u>

**6. Fixed assets (in thousands)**

	Cost	Accumulated depreciation	Net
December 31, 1978:			
Property	\$ 6,899	\$ -	\$ 6,899
Plant	67,802	23,416	44,386
Machinery and equipment	138,123	55,298	82,825
	<u>\$212,824</u>	<u>\$ 78,714</u>	<u>\$134,110</u>
December 31, 1977:			
Property	\$ 7,442	\$ -	\$ 7,442
Plant	67,808	20,634	47,174
Machinery and equipment	128,570	49,085	79,485
	<u>\$ 203,820</u>	<u>\$ 69,719</u>	<u>\$ 134,101</u>

**7. Long-term debt** (in thousands)

	<b>1978</b>	1977
Note payable to bank, at interest rate of $\frac{3}{4}\%$ to $1\frac{1}{4}\%$ above the U.S. prime rate in Canada, due in installments commencing in 1979 through 1986	<b>\$ 25,000</b>	\$ 25,000
Note payable to banks, at interest rate of 109% of the U.S. prime rate, due in installments commencing in 1980 through 1985	<b>20,300</b>	20,000
Note payable to bank, at interest rate of $1\frac{1}{4}\%$ above the London Interbank Eurocurrency Market rate, due in installments through 1984	<b>20,000</b>	15,000
$6\frac{1}{2}\%$ sinking fund debentures Series A due 1986	<b>6,317</b>	7,270
9% debentures due 1986	<b>25,000</b>	—
Note payable to insurance company, with interest at $9\frac{1}{2}\%$ , due in installments commencing in 1981 through 1992	<b>35,000</b>	35,000
Other notes payable	<b>12,615</b>	11,710
	<b>144,232</b>	113,980
Less installments due in one year	<b>5,196</b>	9,624
	<b><u>\$139,036</u></b>	<b><u>\$104,356</u></b>

The Series A debentures are secured by a floating charge on certain assets of the Company. The trust deed contains certain restrictive covenants pertaining to cash dividends, requiring defined minimum working capital and income levels. At December 31, 1978, these defined amounts are substantially exceeded.

The notes payable are liabilities of wholly-owned subsidiary companies. The loan agreements relating to these notes contain certain covenants with respect to working capital, tangible net worth, leases, indebtedness, the payment of dividends and other items. All provisions of the agreements were being complied with as of December 31, 1978.

Future principal repayments on long-term debt are as follows:

1980	\$ 9,043
1981	13,028
1982	14,965
1983	14,784
Thereafter	87,216
	<b><u>\$139,036</u></b>

**Notes to consolidated  
financial statements**

(Continued)

**8. Stock options** (in Canadian dollars)

At December 31, 1978, employee stock options were outstanding with respect to 10,000 shares, exercisable at \$7.88 per share up to September 1979, 150,900 shares exercisable at \$13.75 per share up to January 1986, and 414,000 shares exercisable at \$24.00 per share up to August 1987. Directors and officers of the Company held 445,900 of the total options outstanding at December 31, 1978. Exercise of these options would not materially dilute earnings per share.

In 1978, 31,100 shares were issued for \$495,100 cash.

**9. Retirement plans**

Pension costs charged against income in the year include payments made to trust funds under the Companies' pension plans for current and past service requirements as determined by an independent actuary. Pension fund assets plus accrued pension liabilities exceed the liability for past service benefits.

**10. Remuneration of directors and officers**

The aggregate remuneration for 1978 of the Company's eighteen directors was \$258,000, including \$189,000 paid by subsidiary companies. The aggregate remuneration of the Company's sixteen officers as such was \$1,982,000. Five officers were directors of the Company during the year.

**11. Litigation**

A number of claims and lawsuits, including several which purport to be class actions, are pending. Several of these suits seek unspecified damages and other relief. It is impossible at this time for the Company to predict with any certainty the outcome of such litigation. However, the Company is of the opinion, based upon information presently available to it, that it is unlikely that any liability, to the extent not provided for through insurance or otherwise, would be material in relation to the Company's consolidated financial position.

**Auditors' report**

To the Shareholders of  
Dominion Bridge Company, Limited

We have examined the consolidated statement of financial position of Dominion Bridge Company, Limited as at December 31, 1978 and the consolidated statements of income, retained earnings and changes in working capital for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1978 and the results of its operations and the changes in its working capital for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, after giving retroactive effect to the accounting restatements described in Note 2.

The 1977 consolidated financial statements were examined by other Chartered Accountants.

Montreal, Canada  
January 26, 1979

*Arthur Young & Company*

Chartered Accountants

## Consolidated statement of income by quarters

(Unaudited in thousands of U.S. dollars except for per share data)

### Revenues:

	December	September	June	March
Sales	<b>\$252,712</b>	\$215,982	\$206,854	\$207,938
Investment and sundry income	<b>2,058</b>	(72)	447	263
	<b>254,770</b>	215,910	207,301	208,201

### Costs and expenses:

	December	September	June	March
Cost of sales and operating expenses	<b>222,326</b>	190,284	183,108	189,047
Depreciation and amortization	<b>6,109</b>	3,340	3,704	3,627
Interest expense	<b>4,315</b>	4,250	4,237	2,961
	<b>232,750</b>	197,874	191,049	195,635

### Income before foreign exchange loss, income taxes and minority interest

	December	September	June	March
Income before foreign exchange loss, income taxes and minority interest	<b>22,020</b>	18,036	16,252	12,566
Foreign exchange loss	<b>792</b>	1,544	30	560
Income taxes	<b>9,961</b>	8,379	7,273	5,822
Minority interest	<b>(28)</b>	(58)	184	35
Net income	<b>\$ 11,295</b>	\$ 8,171	\$ 8,765	\$ 6,149

### Per share data: (\$)

	December	September	June	March
Sales	<b>\$23.70</b>	\$20.25	\$19.40	\$19.49
Net income	<b>1.05</b>	0.77	0.82	0.58
Dividends - (Canadian Dollars)	<b>0.40</b>	0.26	0.26	0.26

1977 (Restated)			
December	September	June	March
\$186,172	\$142,739	\$125,781	\$125,836
932	433	461	509
187,104	143,172	126,242	126,345
167,041	128,565	109,472	110,439
2,532	2,120	2,655	2,845
1,669	541	767	1,162
171,242	131,226	112,894	114,446
15,862	11,946	13,348	11,899
1,652	250	765	1,013
5,173	3,786	4,680	5,007
1,033	982	203	10
\$ 8,004	\$ 6,928	\$ 7,700	\$ 5,869
\$17.51	\$13.42	\$11.83	\$11.83
0.75	0.66	0.72	0.55
0.26	0.225	0.225	0.225

## Stock information

Year end stock prices and dividends paid.

### Stock exchanges

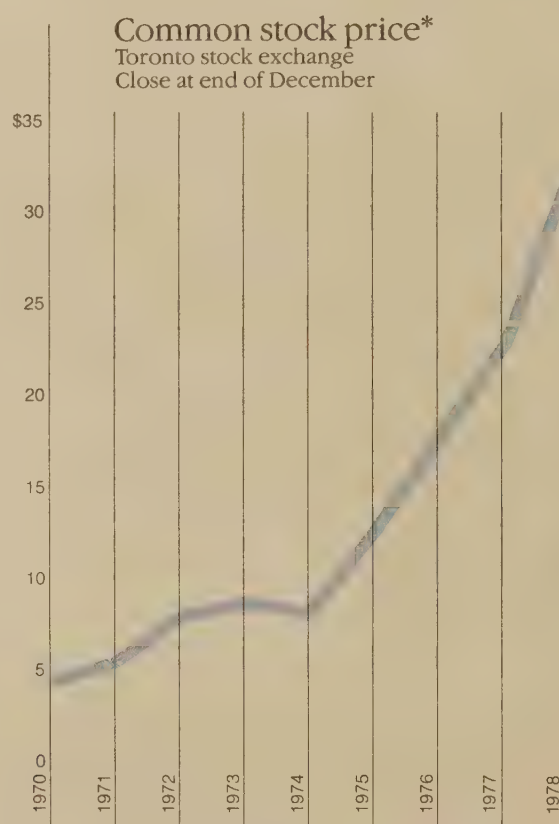
Montreal  
Toronto

### Transfer agents

The Royal Trust Company  
(Montreal, Toronto, Winnipeg, Regina, Calgary, and Vancouver)

### Registrars

Montreal Trust Company  
(Montreal, Toronto, Winnipeg, Regina, Calgary, and Vancouver)



\* Adjusted for 2 for 1 splits in 1974 and 1976

† The apparent reduction in dividends in 1977 resulted from the manner in which the company chose to pay the increase allowed by the Canadian Anti-inflation Board in late 1976.

- \*K.S. Barclay

Chairman and Chief Executive Officer  
Dominion Bridge Company, Limited

A.J.E. Child

President and Chief Executive Officer  
Burns Foods Limited

Michael D. Dingman

President, Chairman and  
Chief Executive Officer  
Wheelabrator-Frye, Inc.

Jack Hatcher

President and Chief Operating Officer  
Dominion Bridge Company, Limited

†‡Herbert H. Lank

Honorary Director  
Du Pont of Canada Limited

\*John Macnamara

President and Chief Executive Officer  
The Algoma Steel Corporation, Limited

Brian R.B. Magee

President and Chief Executive Officer  
Markborough Properties Limited  
Honorary Chairman  
A.E. LePage Limited

John R. Meyer

Professor of Business and Economics  
Harvard University

\*†‡J. Angus Ogilvy, Q.C.

Senior Vice President  
Dominion Bridge Company, Limited  
Senior Partner: Ogilvy, Montgomery,  
Renault, Clarke, Kirkpatrick,  
Hannon & Howard

J.D.R. Potter

Group Vice President  
Finance and Corporate Services  
The Algoma Steel Corporation, Limited

James E. Robison

Chairman of the Board  
Narragansett Capital Corporation

†‡Dalton D. Ruffin

Regional Vice President  
Wachovia Bank and Trust Company, N.A.

\*W.J. Stenason

Executive Vice President  
Canadian Pacific Investments Limited

†R.A. Utting

Executive Vice President and  
Chief General Manager  
The Royal Bank of Canada

\*†‡W.G. Ward

Chairman  
The Algoma Steel Corporation, Limited

\* Member: Executive Committee

† Member: Audit Committee

‡ Member: Management Resources  
Committee



The Executive Committee:  
From the front and then  
right to left: K.S. Barclay, J.  
Angus Ogilvy, Q.C., Her-  
bert H. Lank, W.J. Stena-  
son, W.G. Ward, John  
Macnamara.

Directors: (left to right)  
Dalton D. Ruffin, Brian R.B.  
Magee, R.A. Utting, A.J.E.  
Child, J. Hatcher.

New Directors: (left to  
right) Michael D. Dingman,  
James E. Robison, John R.  
Meyer.



Senior vice presidents: (left to right) F.J. Stevenson, senior vice president—finance; R.E. Chamberlain, senior vice president—engineering and manufacturing; J. Ottmar, senior vice president; R.J.A. Fricker, senior vice president; W.R. Holland, senior vice president—administration.

Group vice presidents: (left to right) C.B. Rouse, industrial products; R.H. Elman, special products; J.B. Phelan, engineering, construction & steel.



## Principal corporate officers

**K.S. Barclay**  
Chairman and Chief Executive Officer

**J. Hatcher**  
President and Chief Operating Officer

## Senior corporate officers

**R.E. Chamberlain**  
Senior Vice President  
Engineering and Manufacturing

**R.H. Elman**  
Group Vice President  
Special Products

**R.J.A. Fricker**  
Senior Vice President

**W.R. Holland**  
Senior Vice President  
Administration

**J.A. Ogilvy, Q.C.**  
Senior Vice President

**J. Ottmar**  
Senior Vice President

**J.B. Phelan**  
Group Vice President  
Engineering, Construction and Steel

**C.B. Rouse**  
Group Vice President  
Industrial Products

**F.J. Stevenson**  
Senior Vice President  
Finance

## Other corporate officers

**A.B. Bjornsson**  
Vice President  
Engineering

**J.H. Frost**  
Vice President  
Computer Services

**R.A.C. Henry**  
Secretary

**E.J. McDonald**  
Controller

**R.A. Reid**  
Vice President  
Manufacturing

**F.H. Roland**  
Vice President  
Finance and Treasurer

**J.B. Twombly**  
Assistant Treasurer

## Major subsidiary company officers

**K.S. Barclay**  
Chairman and Chief Executive Officer  
AMCA International Corporation, U.S.A.

**J. Hatcher**  
President and Chief Operating Officer  
AMCA International Corporation, U.S.A.

**G.A. Law**  
Chairman, Span Holdings Limited  
Nassau, Bahamas

**B.J. Barbour**  
President and Chief Executive Officer  
Span Holdings Limited  
Nassau, Bahamas

### Subsidiary and affiliated companies

AMCA International Corporation,  
Hanover, New Hampshire, U.S.A.

AMCA Heavy Equipment Limited  
Amtel, Inc.

Amtel Metals Corporation

Imodco International Inc.

The Litwin Corporation

Litwin Engineers &

Constructors, Inc.

Litwin, S.A.

Madison GmbH

Orba Corporation

Reliance Products Corporation

Cherry-Burrell Corporation

DESA Industries, Inc.

DESA International Sales

Corporation

DESA Industries of Canada Ltd.

Insley Manufacturing Corporation

Jesco, Inc.

AMCA Netherlands B.V.

Amsterdam, Netherlands

Span Holdings, Limited,

Nassau, Bahamas

Span International Limited

Span International B.V.

Span International (Bermuda)

Limited

Span Enterprises Limited

Amphion International, N.V.

ECAN Limited,

Quebec, Quebec, Canada

Manitoba Rolling Mills (Canada)

Limited

Selkirk, Manitoba, Canada

### Industrial products group

C.B. Rouse, Group Vice President

#### \*Clyde Iron

P.D. Runquist, General Manager

"Whirley" cranes, hoists, car pullers, derricks, bulk material unloaders, winches

Dominion Bridge –

Eastern Canada Division

J.R. Irwin, Vice President

Specialty forgings, incinerators, hydraulic gates, waste heat boilers, nuclear

reactor components, pressure vessels,

welded wide flange beams and steel grating, turnkey construction services, steel

service centers, structural steel and

bridges

Imodco

B. Frankel, President

Single point mooring offshore marine terminal systems

Insley Manufacturing

R.E. Arceci, President

Hydraulic excavating machines, equipment for contractors

Monroe Forgings

J.A. Mancini, President

Rolled forgings; forged bars, shafts, blocks, discs and pinions; shaped tool and die forgings

#### \*Morgan Engineering

V.S. Grater, Vice President and

General Manager

Industrial overhead cranes, steel mill equipment

#### \*Provincial Crane

J. Graham, Vice President and

General Manager

Bridge and gantry cranes

Varco-Pruden

R.C. Kelley, President

Pre-engineered non-residential metal buildings

#### \*Wiley Manufacturing

J.L. Paquette, General Manager

Barges, tugboats, vehicular tunnel tubes, dredges, special steel fabrications

### Engineering, construction and steel group

J.B. Phelan, Group Vice President

Dominion Bridge –

Western Canada Division

K.R. Ebberly, Vice President

Rolling mill products – bars and light structural sections, pole line hardware, rebar, transmission towers, buildings, bridges, platework products, construction services, steel service centers

Litwin Engineers &

Constructors, Inc.

R.L. Bradley, President

Litwin, S.A.

H. Katz, President

The Litwin Corporation

J.E. Rhorer, President

Design and construction services to worldwide petroleum and chemical processors

Orba Corporation

A.T. Yu, President

Bulk material handling and transportation systems

Jesco, Inc.

T.E. Staub, President

Industrial and commercial building construction and maintenance services

### Special products group

R.H. Elman, Group Vice President

Cherry-Burrell

G.J. Remus, President

Processing and packaging equipment for fluid handling industries

Continental Screw Company

G.A. Bentley, President

Threaded fasteners, non-threaded parts and thread-cutting taps

DESA Industries

D.R. Axtell, President

Remington chain saws, portable power tools

Fenn Manufacturing Company

A.S. Nippes, President

Metal forming machinery for strip, rod, wire and tube manufacturers

Janesville Products

M.E. French, President

Urethane foam products and non-woven fibrous material for the automotive industry

Madison Industries

E.B. Krause, President

Engineered cutting tools and accessories for metal working machine tools

### Span Holdings Limited

B.J. Barbour, President

Manages a variety of worldwide investments; its Span International operation markets in most of the world high technology products, including some manufactured by AMCA, and purchases raw steel for re-sale.

## Shareholders' meeting

The annual general meeting of shareholders will be held in the auditorium of The Royal Bank of Canada, Place Ville Marie, Montreal, on Tuesday, April 24, 1979, at 11:30 a.m. The general meeting will be preceded by a special general meeting of shareholders to be conducted in the same auditorium at 11:20 a.m.

## Other reports available

Copies of previous annual reports and quarterly statements and the latest pictorial review *The World of Dominion Bridge/AMCA* may be obtained by writing to the Secretary, Dominion Bridge Company, Limited, 1155 Dorchester Boulevard West, Montreal, Quebec H3B 4C7

## Rapport annuel 1978

Si vous désirez recevoir un exemplaire de ce rapport, des rapports précédents et des sommaires des résultats trimestriels en français, veuillez vous adresser au secrétaire, Dominion Bridge Company, Limited, 1155 ouest, boulevard Dorchester, Montréal, Québec H3B 4C7

## Transfer agents

The Royal Trust Company  
(Montreal, Toronto, Winnipeg,  
Regina, Calgary and Vancouver)

## Registrars

Montreal Trust Company  
(Montreal, Toronto, Winnipeg,  
Regina, Calgary and Vancouver)

## Bankers

The Royal Bank of Canada  
Wachovia Bank and Trust Company, N.A.  
Bank of Montreal  
Continental Illinois National Bank  
and Trust Company of Chicago  
Dartmouth National Bank of Hanover  
First National Bank of Boston  
Industrial National Bank of Rhode Island  
Mellon Bank, N.A.  
Security Pacific National Bank  
Shawmut Bank of Boston, N.A.  
Toronto Dominion Bank

## Stock exchanges

Montreal  
Toronto

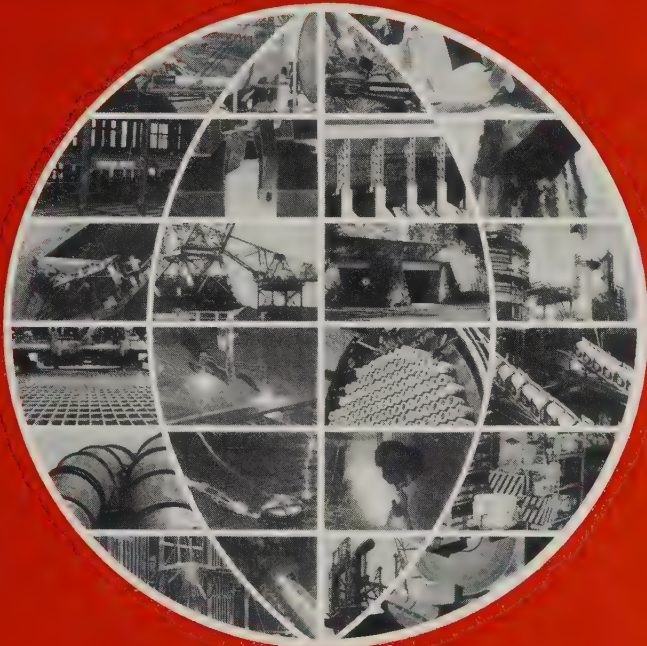
Dominion Bridge Company, Limited  
1155 Dorchester Boulevard West,  
Montreal, Quebec H3B 4C7  
Incorporated under the Companies Act of  
Canada, 30th July, 1912. (As successor to a  
company of the same name incorporated  
1882.)

Setting sun casts  
eerie shadows on snow  
surrounding the LaPrade  
Heavy Water Plant near  
Gentilly, Quebec. Dominion  
Bridge's fabrication and  
construction contract for  
this massive project is  
nearing completion as this  
annual report goes to press.





**Dominion Bridge Company, Limited**



**SUMMARY OF  
UNAUDITED  
CONSOLIDATED RESULTS**

for the six months  
ended June 30, 1978

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**To the shareholders:**

*(All sales, income, per share data and backlog figures in what follows are expressed in U.S. dollars.)*

Sales and other revenue of \$416 million in the six month period ended June 30th, 1978 compared with \$253 million in the same period a year ago.

Net income totalled \$14.9 million or \$1.40 per share versus \$13.6 million or \$1.27 in the first half of 1977. (Approximately 95% of first half 1978 income was produced by U.S. and international operations.)

A dividend of 26¢ per share (Canadian) for the third quarter of 1978 was declared at a Directors' meeting held today payable September 29th, 1978 to shareholders of record at the close of business on September 1st, 1978.

Backlog at June 30th, 1978 amounted to approximately \$525 million versus \$450 million at the end of the previous quarter and \$253 million a year ago.

Three months ago, in reporting to shareholders on first quarter results, we indicated that management had plans to strengthen Canadian operations. In the interval, these plans have been finalized and are now being implemented. We expect better results in future and would also observe that the outlook for our steel mill and steel service center operations has improved materially.

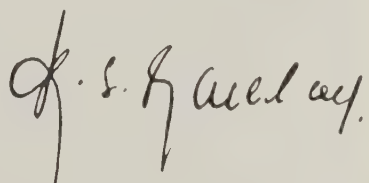
In recent weeks, AMCA International Corporation, the company's wholly-owned U.S. subsidiary, completed the previously reported acquisition of Jesco, Inc., an engineering, design and construction firm located in Mississippi and, further, has sold two divisions (Ambur Oil and Specialty Industries) for approximately book value. The latter divisions were acquired in the acquisition of Amtel, Inc. late in 1977. Preliminary discussions are also currently taking place with respect to several other operations which may shortly lead to their disposition. These planned divestitures (as well as Ambur and Specialty) result from a thorough analysis of the units relative to our overall affairs and are after consideration of their possible on-going roles, future potential and compatibility with our basic businesses.

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As elsewhere reported, earlier in the second quarter of 1978 AMCA, as a result of a statutory merger, completed the acquisition of Amtel by acquiring the last 3% of the Amtel shares.

In conclusion, at the April annual shareholders meeting, it was reported that "Dominion Bridge in 1978 will once again achieve new sales and earnings records and barring major unforeseen difficulties such as in the labor area, should again produce significant growth in both categories". We have no reason to change that view of our prospects.

A handwritten signature in dark ink, appearing to read "K. S. Barclay". The signature is fluid and cursive, with a large initial "K" and a stylized "S".

Kenneth S. Barclay  
Chairman and  
Chief Executive Officer

July 24th, 1978

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**Summary of unaudited consolidated results (note 1)**

For the six months ended June 30, 1978

(Stated in U.S. funds in thousands of dollars)

	<b>June 30, 1978</b>	June 30, 1977
		(restated — note 2)
Sales	<b>\$414,792</b>	\$251,617
Other revenues	<b>710</b>	970
	<b>415,502</b>	252,587
Cost of sales and operating expenses	<b>372,155</b>	219,911
Depreciation and amortization	<b>7,331</b>	5,500
Interest expense	<b>7,198</b>	1,929
Minority interest	<b>219</b>	213
	<b>386,903</b>	227,553
Income before income taxes	<b>28,599</b>	25,034
Income taxes	<b>13,095</b>	9,687
Income before exchange loss	<b>15,504</b>	15,347
Exchange loss (Note 3)	<b>590</b>	1,778
Net income	<b>\$ 14,914</b>	\$ 13,569
Earnings per share	<b>\$1.40</b>	\$1.27

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**Summary of unaudited consolidated financial position  
(note 1)**

As at June 30, 1978

(Stated in U.S. funds in thousands of dollars)

	<b>June 30, 1978</b>	December 31, 1977
		(restated — note 2)
Current assets	<b>\$345,442</b>	\$338,401
Current liabilities	<b>201,606</b>	227,269
Working capital	<b>143,836</b>	111,132
Fixed and other assets	<b>212,311</b>	209,609
Total investment	<b>356,147</b>	320,741
Other liabilities	<b>160,814</b>	135,433
	<b>\$195,333</b>	\$185,308
Shareholders' equity:		
Capital stock	<b>\$ 17,592</b>	\$ 17,568
Retained earnings	<b>177,741</b>	167,740
	<b>\$195,333</b>	\$185,308

**Notes:**

- (1) During the quarter ended June 30th, 1978, AMCA International Corporation, the company's wholly-owned U.S. subsidiary, acquired the remaining 3% of the outstanding shares of Amtel, Inc. pursuant to a statutory merger. Therefore, these statements reflect a full consolidation of Amtel, Inc. as a wholly-owned subsidiary.
- (2) Effective January 1st, 1978, the company adopted a policy of reporting financial data in U.S. dollars. Prior to 1978, all financial data were reported in Canadian dollars. Accordingly the 1977 financial data have been restated.
- (3) The exchange loss results from conversion of the balance sheets relating to operations in Canada and France, where applicable, into U.S. dollars.

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### **Aux actionnaires,**

*(Tous les montants concernant les ventes, les bénéfices, les données par action et le volume des commandes en réserve sont ci-dessous énoncés en devises américaines.)*

Les ventes et autres revenus du semestre terminé le 30 juin 1978 ont été de \$416 millions au regard de \$253 millions pour la même période de 1977.

Le revenu net s'est chiffré à \$14.9 millions, soit \$1.40 par action, alors qu'il avait été de \$13.6 millions, ou de \$1.27 par action, pour les premiers six mois de l'exercice précédent. (Les opérations américaines et internationales ont contribué à environ 95% des bénéfices du premier semestre.)

Un dividende de 26¢ par action en devises canadiennes pour le troisième trimestre de 1978 a été déclaré à l'assemblée du Conseil tenue aujourd'hui. Ce dividende est payable le 29 septembre 1978 aux actionnaires enregistrés à la fermeture des bureaux le 1er septembre 1978.

Au 30 juin 1978 le volume des commandes en réserve était d'environ \$525 millions à comparer à \$450 millions à la fin du trimestre précédent et à \$253 millions il y a un an.

Dans notre rapport du premier trimestre de l'année nous avons annoncé que la Direction élaborait des plans dans le but de renforcer nos opérations canadiennes. Ces plans ont été terminés et partiellement mis en oeuvre. Nous prévoyons donc des meilleurs résultats et la perspective pour notre aciérie et notre Centre de service des produits métallurgiques s'est beaucoup améliorée.

La filiale américaine à propriété exclusive de la Compagnie, AMCA International Corporation, a récemment complété l'acquisition de Jesco, Inc., une société d'ingénierie et de construction située dans le Mississippi. Elle a en plus vendu deux de ses divisions (Ambur Oil et Specialty Industries) pour environ leur valeur aux livres. Ces divisions faisaient partie de Amtel, Inc. dont l'acquisition a été faite vers la fin de 1977. Des pourparlers préliminaires sont aussi en cours au sujet d'autres établissements dont

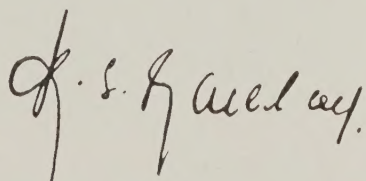
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nous disposerons peut-être bientôt. Ces dépossessions (tout comme Ambur et Specialty) découleront des résultats d'une étude approfondie de certaines filiales par rapport à l'ensemble de nos opérations, compte tenu naturellement de leur potentiel, présent et futur, et de leur compatibilité avec nos activités fondamentales.

Tel qu'annoncé au cours du deuxième trimestre, AMCA, à la suite d'une amalgamation légale, a complété l'acquisition de Amtel par l'achat du dernier 3% des actions de cette dernière.

Il avait été annoncé à l'assemblée annuelle des actionnaires au mois d'avril que Dominion Bridge atteindrait en 1978 des nouveaux records de ventes et de bénéfices. A moins que ne surviennent des difficultés imprévues, telles que des problèmes de main-d'oeuvre, il devrait y avoir une augmentation marquée dans chacun de ces deux domaines. Il n'y a aucune raison pour faire des changements dans ces prévisions.

Le président du Conseil  
et chef de la Direction



le 24 juillet 1978

Kenneth S. Barclay

**Sommaire des résultats consolidés non vérifiés (Note 1)**

pour le semestre terminé le 30 juin 1978

(en milliers de dollars en devises américaines)

	<b>30 juin 1978</b>	30 juin 1977
		(Repris — Note 2)
Ventes	<b>\$414,792</b>	\$251,617
Autres revenus	<b>710</b>	970
	<b>415,502</b>	252,587
Coût de production et frais d'exploitation	<b>372,155</b>	219,911
Dépréciation et amortissement	<b>7,331</b>	5,500
Frais d'intérêts	<b>7,198</b>	1,929
Intérêts minoritaires	<b>219</b>	213
	<b>386,903</b>	227,553
Revenu avant les impôts sur le revenu	<b>28,599</b>	25,034
Impôts sur le revenu	<b>13,095</b>	9,687
Revenu avant la perte sur le change	<b>15,504</b>	15,347
Perte sur le change (Note 3)	<b>590</b>	1,778
Revenu net	<b>\$ 14,914</b>	\$ 13,569
Bénéfice par action	<b>\$1.40</b>	\$1.27

**Sommaire de la situation financière consolidée non vérifiée  
(Note 1)**

au 30 juin 1978

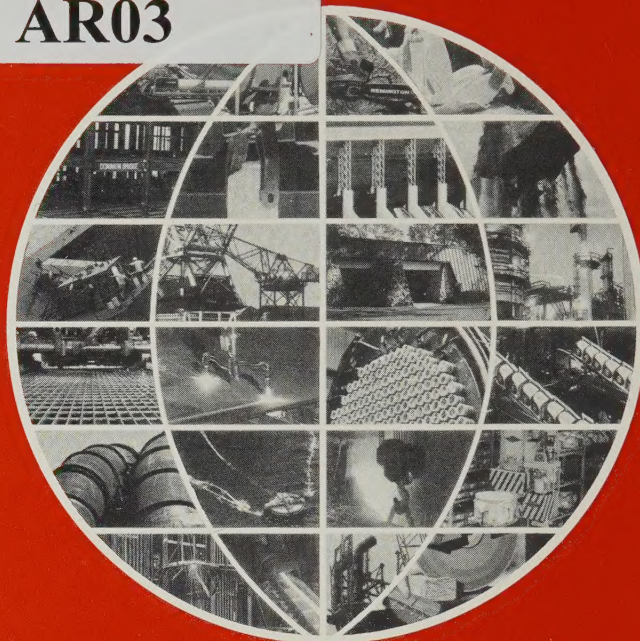
(en milliers de dollars en devises américaines)

	<b>30 juin 1978</b>	31 décembre 1977
		(Repris — Note 2)
Actif à court terme	<b>\$345,442</b>	\$338,401
Passif à court terme	<b>201,606</b>	227,269
Fonds de roulement	<b>143,836</b>	111,132
Immobilisations et autres éléments de l'actif	<b>212,311</b>	209,609
Investissement total	<b>356,147</b>	320,741
Autres éléments du passif	<b>160,814</b>	135,433
	<b>\$195,333</b>	\$185,308
Avoir des actionnaires:		
Capital-actions	<b>\$ 17,592</b>	\$ 17,568
Bénéfices non répartis	<b>177,741</b>	167,740
	<b>\$195,333</b>	\$185,308

**Notes:**

- 1) Au cours du trimestre terminé le 30 juin 1978 la filiale américaine à propriété exclusive de la Compagnie, AMCA International Corporation, a acquis, en conformité avec une amalgamation légale, le dernier 3% des actions en circulation de Amtel, Inc. Les états financiers ci-dessus représentent donc la pleine consolidation de Amtel, Inc. en tant que filiale à propriété exclusive.
- 2) La Compagnie a décidé de faire rapport de ses états financiers en devises américaines à compter du 1er janvier 1978. Avant cette date ils étaient exprimés en devises canadiennes. Les données financières de 1977 ont été reprises en conséquence.
- 3) La perte sur le change provient de la conversion en devises américaines, là où c'était pratique de le faire, des bilans relatifs aux opérations au Canada et en France.

AR03



**SOMMAIRE DES  
RÉSULTATS CONSOLIDÉS  
NON VÉRIFIÉS**

pour le semestre  
terminé le 30 juin 1978